

RECOMMENDATIONS FOR IMPROVING TAXPAYER COMPLIANCE AND DEPARTMENT ADMINISTRATION

■ Improvements in the Training of Department Employees, Pg. 26

■ TAXPAYERS' CONCERNS AND SUGGESTIONS TO DEPARTMENT

On June 18, 2001, the Indiana Department of Revenue conducted its annual public hearing in accordance with the Indiana Taxpayer's Bill of Rights. State Revenue Commissioner Kenneth L. Miller presided over the meeting. Taxpayers were provided the option of attending the hearing in person or submitting written comments.

Form Distribution

A VITA/TCE (Volunteer Income Tax Assistance/Tax Counseling for the Elderly) volunteer questioned the department's form distribution procedures and the lack of forms available during the past tax season. In addition, he noted that he had trouble reordering forms once his initial supplies were deleted. Form order procedures will be changed for the next tax season, which should help in resolving any form reorder problems that may have existed. In regard to the total number of tax booklets available fewer are being printed each year since more taxpayers are opting for electronic filing. Commissioner Miller noted that the department must strike a fine balance between demand for forms and cutting back on waste whereby too many are printed and thrown away at the end of the tax season.

Telephone Assistance

Two individuals mentioned the difficulty in getting through to the department for billing inquiries and general tax information. The department will review its telephone system in an attempt to allow taxpayers to remain in a queue longer instead of receiving a busy signal and not get through at all.

Form and Tax Booklet Layout

Another VITA volunteer questioned specific line items associated with the IT-40. In particular, he thought that Schedule 1 could be eliminated especially if some of those line items were on the IT-40, the IN-EIC (Earned Income Credit) should be eliminated from the booklet since so few use it, the instructions need to be more clear as to when a CT-40 (County Tax Schedule) is needed, TeleFile and IT-40EZ instructions should not be lumped together in one booklet and many of the tax deductions could be lumped into one miscellaneous category. The department notes that there is very little room on the two-sided IT-40 to allow for additional new lines, therefore, Schedule 1 will remain in place. The department has reviewed the use of the IN-EIC and will delete it from the tax booklet. It will be available from the department as a separate form. The department will review its instructions to see if more clarity can be attained with the CT-40 instructions. No changes are planned to make two separate TeleFile and EZ since both are aimed at the same audience and it only increases one tax booklet four pages to include both and provide taxpayers the option of filing in either manner.

Homeowner's Residential Property Tax Deduction

A taxpayer wrote to point out that a clarification is needed for rural taxpayers to accurately utilize the Homeowner's Residential Property Tax Deduction. He noted that the tax statement for those taxpayers "who live in the country often has a ditch assessment" and that the property tax receipt includes the ditch assessment together with the property tax in total dollars. The department referred the matter to the Department of Local Government Finance.

Pre-Printed Social Security Numbers

Noting that the first tax form in the IT-40 tax booklet contains the taxpayers' social security numbers, a taxpayer wrote:

"While inclusion of the identification numbers offers taxpayers and the department convenience, it also offers an opportunity to identify thieves. I would hope the Department of Revenue would consider either eliminating the printed identification numbers, following the example of the U.S. Internal Revenue Service, or secure the booklets in some manner so as to preserve privacy of the contents."

The department has reviewed this suggestion and has determined that in the future it will remove Social Security Numbers from tax booklets.

Rounding of Numbers on the Tax Form

A taxpayer wrote to suggest that the department should preprint "00" in all the cents columns or eliminate the cents columns altogether "since all numbers are to be rounded to whole dollars. The department does encourage rounding to the nearest dollar but cannot mandate it; therefore, the option to use actual cents is still provided.

"Brain Drain" Dilemma

"[W]hile generous Indiana state income tax allowances are made for such items as gambling (lottery winnings and riverboat building are clearly being encouraged by the tax laws), intellectual stimuli are lacking," wrote one Indiana taxpayer who finds their children leaving the State of Indiana. Of concern are tax laws, as they pertain to certain graduate-level students, which are encouraging the state's youth to take up residence in other states. In this particular incident, the daughter is pursuing an out-of-state degree and was given a fellowship "as an incentive to further her intellectual development." The fellowship was to be used for living expenses and was taxable at both the federal and state (Indiana) levels. According to the writer, "after taxes she was left with nearly poverty-level income." The daughter is now considering moving to Florida where there is no state income tax. In regard to taxing the fellowship monies, the State of Indiana mirrored federal requirements.

■ IMPROVEMENTS IN THE TRAINING OF DEPARTMENT EMPLOYEES

PERSONNEL DIVISION

Overview

During the period of July 1, 2001, through June 30, 2002, the Training Team presented 77 classes to a total of 2,079 participants.

Accomplishments Highlights

Sessions were offered in the following topics:

- ABCs of Discrimination for Employees
- Accounts Receivable (AR) 3
- AR 4
- Cultural Diversity
- Customer Service
- EASY Program/Stress Management
- Effective Writing
- Kids in a Drug-free Society
- Myers-Briggs Type Indicator/Interpersonal Dynamics
- New Employee Orientation 101
- New Employee Orientation 102
- New Employee Orientation for Intermittent Employees
- Outlook 2000 Basics
- Performance Appraisal
- Returns Processing System (RPS) Advanced
- RPS Basics
- RPS Inquiry
- RPS Intermediate
- RPS Special Needs
- Sexual Harassment Prevention for Employees
- Sexual Harassment Prevention for Supervisors
- Spanish Basics
- Violence in the Workplace for Employees
- Violence in the Workplace for Supervisors

The Statewide Training Initiative prioritized the goals and objectives that had been developed in the last year. Work groups were formed from the newly-revamped State Training and Development Alliance (ST & DA); the groups were in the process of developing action plans for the immediate goals and objectives when work was put on hold due to a reorganization within the State Personnel Department and due to budget concerns.

The department's Employee Handbook was updated and revised. This is the handbook new employee's receive on their first day on the job.

Current Project Highlights

Classes under development or in revision as of the end of the annual review period:

- Conflict Mode Basics
- Introduction to Taxes
- Sexual Harassment Prevention Refresher
- Supervisory Training Series Systems Training

All documentation for all Systems Training components was being reviewed and revised as of the close of the year. Another important project is an agency-wide needs assessment for Systems Training. Once the needs assessment is completed, the data will be used to develop needs-driven classes specific to section job duties.